

**TOP SECRET**

**7 September 1951**

**CIA No. 49334**

**Copy No.**

**39**

**DAILY DIGEST**

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence. Comments represent the immediate views of the Office of Current Intelligence.

**TOP SECRET**

TOP SECRET

SECTION 1 (SOVIET)

1. USSR. Soviet naval activity in Japan Sea near Vladivostok: A group of ships, probably Soviet, were sighted in the Japan Sea about 100 miles south of Vladivostok on 29 August. The force included 1 possible cruiser, 1 unidentified large vessel and 15-18 ships, believed to be landing craft. A smoke screen covered the force which appeared to be conducting amphibious training exercises. [redacted]

25X1

Comment: This may be part of the Soviet Far East Fleet maneuvers which usually occur at this season.

2. Return of Soviet Ambassadors to Pakistan and India: Soviet Ambassador Stetsenko returned from Moscow to Karachi on 3 September. Soviet Ambassador Novikov arrived in New Delhi 27 August from Moscow. [redacted]

25X1

Comment: The Soviet Ambassador to Afghanistan returned to Kabul on 26 June, having left there on 12 April. The Ambassadors to Pakistan and India left their respective posts for Moscow on 17 May and 1 June, presumably for leave and routine consultations.

3. EASTERN EUROPE. POLAND. Class of 1931 called for military service: Announcements have been posted throughout Warsaw calling for military servicemen in the class of 1931, men in the classes of 1928, 1929, and 1930 who had previously been deferred and all men irrespective of their age whose relationship to the military service has not yet been established. According to the announcement, release from performing military service may be extended to persons who are the sole support of their family or to students. Immediate reporting is required with a final deadline of 26-27 October.

25X1

The US service attaches in Warsaw do not interpret this call-up as indicating any immediate military action but regard it as definite evidence of an increase in the size of the Polish Armed Forces. [redacted]

Comment: The class of 1931 was due for call-up this fall. By Polish law, men who reach twenty years of age during a given calendar year are required to report for conscription, which occurs annually in Poland between 1 September and 31 October. It is not clear from the announcement how the call-up will affect the deferred members of the classes of 1928, 1929, and 1930. It is possible that the Army's de-

TOP SECRET

TOP SECRET

ferment policy has been tightened, thus requiring existing deferments to be re-checked. This could be followed by the assignment to military duty of those individuals who had previously been deferred. So far as is known, no members of the class of 1928, which is due for release this year, have been released.

4. RUMANIA. Rumania intensifies charges of Yugoslav aggression: A Rumanian broadcast of 6 September states that a note has been presented to the Yugoslav Charge in Bucharest protesting a premeditated Yugoslav provocation on 5 September of "grave proportions." Rumania alleges that Yugoslav frontier guards penetrated Rumanian territory in a "heinous attack" and opened fire on Rumanian frontier guards. During the following six hours "three companies of Yugoslav troops were deployed in this sector in an attack formation" and fired on Rumanian frontier guards. One Rumanian allegedly was killed. [REDACTED]

25X1

Comment: The incident marks a new high in calculated Satellite diplomatic harassment of Yugoslavia. Rumania's unusual haste in presenting its protest and opening the propaganda barrage is designed to prove Satellite charges of extensive Yugoslav preparations for aggression. One Rumanian casualty scarcely supports the Rumanian charge of a three company attack.

The increasingly exaggerated and insulting tone of Satellite protests is undoubtedly designed to cover the growing number and size of Satellite border provocations along the Yugoslav periphery. The present note also anticipates the protest Yugoslavia will presumably make against the incursion of 60 Albanian soldiers into Yugoslav territory on 2 September.

TOP SECRET

**Page Denied**

TOP SECRET

25X1

4. INDONESIA. Masjumi agrees to signature of Japanese treaty: Indonesia's largest political party, the Masjumi (Moslem League) agreed on 6 September to the signing of the Japanese peace treaty.

25X1

Comment: Indonesia's coalition government (which includes the Masjumi) has been hesitant in deciding whether to sign the treaty in view of strong press and political opposition, particularly from one Masjumi faction. Although the prime minister recently indicated his determination to authorize Indonesian signature, Masjumi support now leaves Indonesia's decision to sign no longer in doubt.

25X1

TOP SECRET

7 Sep 51

TOP SECRET

25X1

7. KOREA. New major Chinese Communist unit accepted in Korea: The presence in Korea of major elements of the Chinese Communist 20th Army Group (formerly the North China Military Area Army Group) has been accepted by the US Far Eastern Command. Acceptance is based on reports of four Chinese Communist prisoners from the 9th Army Group who reportedly observed major elements of the new force south of Wonsan, and also on the capture of two Chinese soldiers from a division of the 67th Army, 20th Army Group.

The size, status and location of this new force in Korea are yet to be determined.

25X1

Comments: The Chinese Communist 20th Army Group (67th, 68th, 70th and possibly the 69th Armies) has frequently been reported in Korea in its entirety. The 66th Army, previously subordinate to this army group, was engaged with UN forces in Korea from November 1950 to May 1951.

This new force in Korea, plus other newly reported but still unconfirmed 1st and 4th Field Army units, could raise Communist troop strength in Korea to over 900,000.

25X1

TOP SECRET

TOP SECRET

25X1

9. KOREA. ROK statements reflect pleasure at break in cease-fire negotiations: The US State Department Mission in Korea observes that the recent tenor of public statements and editorials regarding the break-off of the Kaesong cease-fire talks reveals thinly-veiled satisfaction that an armistice was "averted." In connection with this, the mission reports that anti-cease-fire demonstrations have ceased in South Korea. [redacted]

25X1

Comment: In view of previously expressed strong South Korean official and unofficial views opposing the cease-fire, such a development is understandable. The ROK Government's position on the negotiations appears to be influenced primarily by its ambitions to unify Korea with the UN forces currently on hand, and by its fear that UN forces will withdraw, leaving the ROK unprotected.

10. JAPAN. Tokyo displays little reaction to Gromyko proposals: According to a press report, the Japanese Foreign Office announced that 11 of the 13 amendments proposed by the Soviet representative at the 5 September session of the San Francisco Conference had been previously announced and anticipated. The two exceptions, according to the Foreign Office, were those concerned with reparations and limitations on rearmament, both of which are designed to appeal to other Asian nations. [redacted]

25X1

25X1


Comment: It is noted that the two recent Soviet notes to the US regarding the treaty did not mention reparations and were apparently geared to win favor in Japan. Among the new Soviet proposals, only the one calling for confirmation of the USSR's sovereignty over South Sakhalin and the Kuriles will be considered by the Japanese as directed specifically against Japan. This, however, was expected, and should extinguish

TOP SECRET

TOP SECRET

25X1

Japanese hopes for the return of these two areas.



TOP SECRET

7

7 Sep 51

TOP SECRET

SECTION 3 (WESTERN)

1. GERMANY. Comment on Soviet economic squeeze of West Berlin: East German Communist police have taken two new steps to implement the current Soviet economic squeeze of Berlin. Over 60 railroad cars carrying mail from West Berlin to West Germany were turned back at the zonal border check point with a charge that the cars were incorrectly loaded, and five passenger buses were prevented from proceeding to West Germany, despite the fact that the drivers had paid the new "road tax" imposed by Soviet and East German authorities on 31 August.

As yet, the Western Allies have not agreed on countermeasures to induce the USSR to abandon its harassment of West Berlin. Imposition of a tax on Soviet Zone barges using West Berlin canals has been discussed, but strong reservations against taking vigorous immediate countermeasures have already been expressed by French authorities. Meanwhile, Soviet and East German authorities are reportedly contemplating imposing a barge tax themselves.

2. Officials criticize Allied housing policy: The West German Finance Ministry is attempting, by means of a memorandum just released, to demonstrate to the German public that it is leading the fight against Allied occupation housing policies. The recent announcement, the tone of which is described by local US officials as aggressive and uncompromising, outlines the steps which the government has taken to alleviate the sufferings of the "occupation-damaged" (persons whose property has been requisitioned by the Allies), and proposes joint Allied-German studies of Allied housing needs and of the possibility of releasing some property. It stresses the importance of political and social aspects of Allied housing policies, claiming that Germans cannot understand why the Allies refuse to adopt a more liberal housing policy six years after the end of hostilities.

25X1

Comment: The Allies have been under criticism from various press and unofficial sources because of the luxurious accommodations provided for occupation personnel. This memorandum from the Finance Ministry has helped revive German interest in the matter, and the press has given the matter prominent coverage.

3. BELGIUM. Belgian official seems to favor German integration into NATO: Belgium's acting deputy to NATO comments that he is against "haggling over details" in the integration of West Germany into NATO.

On the question of the European Defense Forces, the delegate states that the Belgian policy would not be determined in full until after the

TOP SECRET

TOP SECRET

Foreign Minister's return from the US. He personally favors committing Belgium's Medium Term Defense Program force and additional divisions that are to be raised to the European Defense Forces. [REDACTED]

25X1

Comment: Although Belgium has been sympathetic to German rearmament, this is the first evidence of support from official quarters for German admission to NATO.

Belgium has consistently given full approval to the concept of the European Defense Forces.

25X1

5. ITALY. Italian Communist press accuses US of violating international accords: The Italian Communist newspaper Unita, in an editorial on the Japanese peace treaty, charges that the US is violating various accords, including those of Potsdam and Yalta. The paper declares it erroneous to consider that Italy has no "business" in the Far East and need not be at San Francisco, because Italy is interested in "extending its friendship and trade with all countries, particularly with those who finally have obtained their independence and seek an economic cooperation with industrial countries of Europe, assistance in their development and progress." [REDACTED]

25X1

Comment: The non-Communist press generally regards the San Francisco conference as a struggle between the US and the USSR, a struggle which they believe will be resolved to the advantage of the US.

25X6

TOP SECRET

TOP SECRET

25X6

7. Communist Party leader reputedly released: Dionisio Encina, Secretary-General of the Mexican Communist Party, is reported to have been set free following his arrest during student disorders preceding President Aleman's speech to Congress on 1 September. The judge found no charges against him. Other persons arrested at the same time have also been released. [REDACTED]

25X1

Comment: Although Communists were popularly accused of having instigated the disorders which involved the destruction of ceremonial arches along the president's route, it is questionable whether such instigation could be proved. The erection of the arches had been strongly criticized by the press as a waste of money which might better have been spent to assist flood and hurricane victims.

8. PANAMA. Violation of presidential authority charged: Francisco Filos today presented the Secretary-General of the National Assembly with a formal accusation charging President Alcibiades Arosemena with violation of his presidential authority. The accusation alleges that the president has failed to respect a recent Supreme Court decision on the unconstitutionality of a 1950 decree reorganizing the Social Security Bank, because he has not allowed the former president of the bank to resume his post. President Arosemena stands firm on his recent appointment of Manuel Solis Palma as bank manager, claiming that the particular executive decree appointing Solis Palma has not been ruled on by the court.

The US Embassy in Panama comments that Filos is probably striking primarily at Frente Patriotico (Solis Palma's party), a nationalist, left-wing party which has continually attacked him for his part in the negotiation of the 1947 US-Panama bases agreement. The embassy further states that there

TOP SECRET

TOP SECRET

is considerable dissatisfaction with the government, but that it is doubtful that a sufficient number of votes could be obtained to impeach the president.

25X1 [redacted]

Comment: Manuel Solis Palma is one of the four individuals with known Communist sympathies whom President Arosemena appointed to important positions in his new administration in May [redacted]

25X1

TOP SECRET

**Page Denied**

**TOP SECRET**

7 September 1951

CIA No. 49334 -A  
Copy No. 39

25X1

**TO THE DAILY DIGEST**

**Not for dissemination outside O/CI and O/NE.**

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

**This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence. Comments represent the immediate views of the Office of Current Intelligence.**

**TOP SECRET**

TOP SECRET

SECTION 2 (EASTERN)

1. INDIA. UN delegate worried over deterioration of US opinion of Nehru: Sir Benegal Rau, India's permanent representative to the UN, in conversation with a US delegate, has expressed his worry over the deterioration of US public opinion toward Prime Minister Nehru. Rau insisted that Nehru felt the Japanese peace treaty would be resented by the Japanese people as not taking sufficient account of their nationalist sentiment, and that the US had not accorded sufficient importance to Nehru's interpretation of the requirements of Asian nationalism. Later, Rau said he had decided to recommend to his government that it sign the treaty with the reservation that signing be subject to ratification by the new Indian Congress (to be chosen in the forthcoming national elections). Rau, however, said he had no reason to believe his recommendation would be acceptable to his government. 25X1

25X1

Comment: There is no indication that Rau has made such an approach or that he has influenced his government in any way. It seems unlikely that India would sign the treaty at this late date.

2. INDIA/JAPAN. India proposes peace treaty with Japan: India has made a direct proposal to the Japanese Government that the state of war between India and Japan be terminated by a unilateral declaration of the Indian Government. The declaration would be issued in agreement with the Japanese Government on or about the date of signing of the multilateral treaty. The Japanese Foreign Office advised the Indian representative that it could not, under present regulations, engage in direct discussions, and suggested that an approach be made through the diplomatic section of SCAP. 25X1

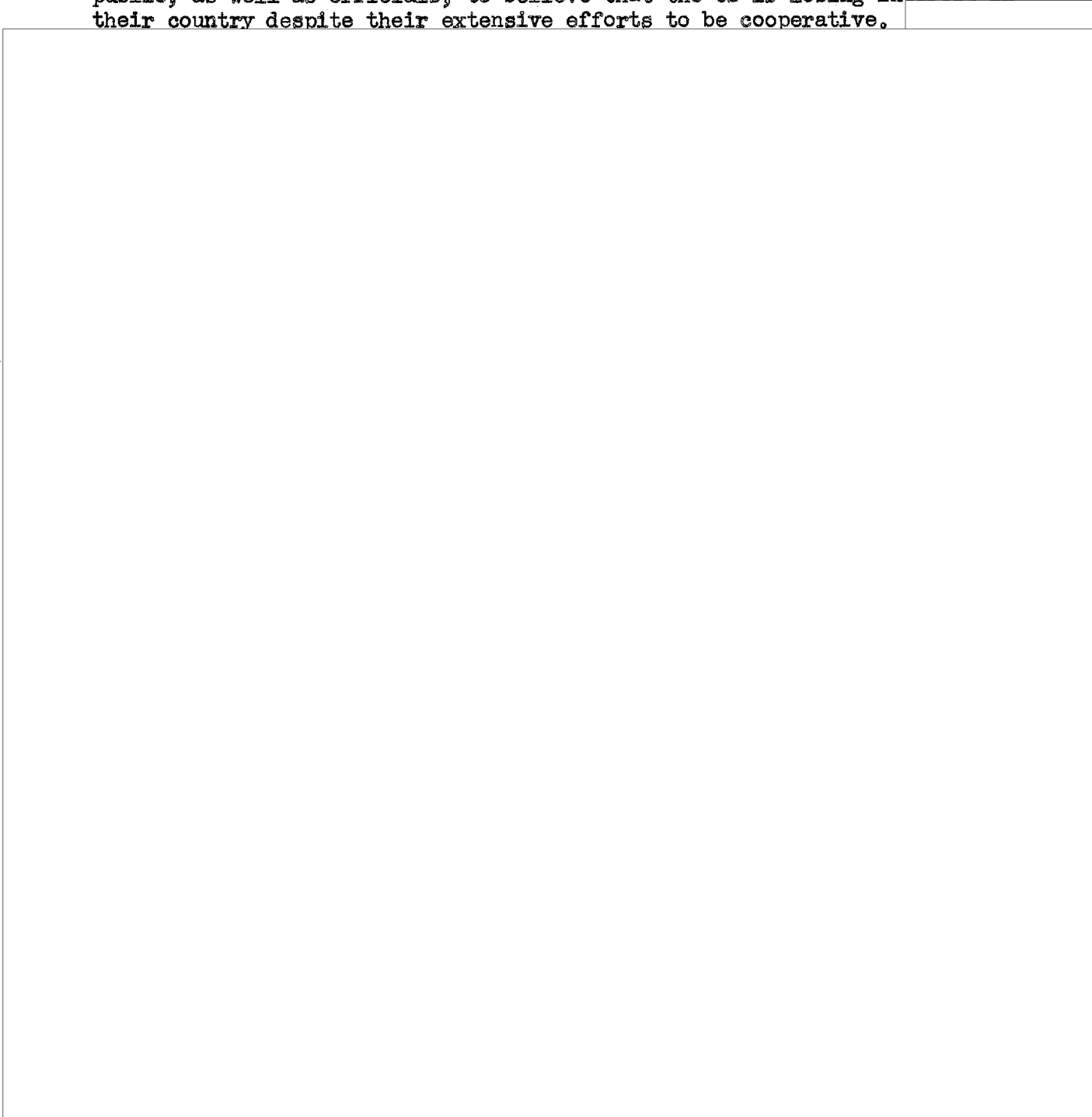
Comment: India is well aware of the fact that Japan, under present Occupation directives, cannot conduct direct diplomatic relations without approval of SCAP. Consequently, this direct approach may be intended to re-emphasize Indian disapproval of Western controls over Asiatic peoples and also to reassure Japan of India's intentions despite its refusal to attend the San Francisco conference.

3. THAILAND. Embassy concerned over reduction of USIE funds: Protesting a proposed cut in USIE funds, the US Embassy in Bangkok states that the impact of other US programs in Thailand, such as ECA and MAAG, will be "largely lost" unless supplemented with an extensive information program. The embassy also believes that an effective USIE program is necessary to combat growing pro-Communist propaganda which is reportedly already causing a decline in US popularity by exploiting the theme that the US dominates Thailand and was responsible for the death of innocent Thais during the recent abortive coup.

TOP SECRET

TOP SECRET

The embassy concludes that a curtailment of the USIE program will have a disastrous effect on Thai Government propaganda agencies and will lead the Thai public, as well as officials, to believe that the US is losing interest in their country despite their extensive efforts to be cooperative. 25X1



25X6

TOP SECRET

TOP SECRET

25X6

2. BELGIUM. Discussion of defense contributions at Ottawa conference welcomed:  
Belgium's acting deputy to NATO hopes that the gap between the aims of the Medium Term Defense Program and what the various countries of Europe have contributed in materiel and troops will be discussed at the Ottawa conference. He thinks that now is the time for open and frank discussion regardless of how unpalatable the facts may be. The Belgian Foreign Affairs Minister is believed to be of similar opinion. The US Embassy in Brussels comments that the proposal stems from the delegate's belief that the Belgian contribution can stand a close scrutiny in comparison with other NATO countries.

25X1

Comment: Belgium is firmly convinced that its defense contribution on the basis of troops in the field is proportionately larger than the rest of Western Europe, and has consistently rejected US suggestions that its economy will allow an increase in its defense contribution.

25X6

TOP SECRET

7 Sep 51